

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 112
Sacramento, CA

Minutes of Meeting
October 11, 2007

COMMISSIONERS PRESENT

Cathie Bennett Warner
Michele Burton, M.P.H.
Wilma Chan
John Longville
Vicki Marti
Nancy McFadden

COMMISSIONERS ABSENT

Jerome Horton

EX-OFFICIO MEMBERS PRESENT

Toby Douglas, Department of Health Care Services
Thomas Williams, Department of Finance
John Fitzpatrick II, Department of Finance

EX-OFFICIO MEMBERS ABSENT**CMAC STAFF PRESENT**

Keith Berger, Executive Director
Tacia Carroll
Paul Cerles
Denise DeTrano
Holland Golec
Mark Klobberdanz
Katie Knudson
Genaro Rodriguez
Steve Soto
Becky Swol
Mike Tagupa
Mervin Tamai
Karen Thalhammer

I. Call to Order

The October 11, 2007 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. A quorum was present.

II. Approval of Minutes

The September 27, 2007 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Keith Berger, Executive Director, began his report by explaining that CMAC had requested that the Department of Finance representative provide an overview of the final State Medi-Cal budget. He said they have been very busy with the end of session and special session meetings and fiscal analyses and have been unable to attend the last few CMAC meetings. Mr. Berger was pleased to see that both Mr. Williams and Mr. Fitzpatrick were able to attend today's meeting, and are able to provide CMAC with a brief overview of the final budget for State Fiscal Year 2007-08.

Mr. Berger continued and informed the Commissioners that staff has provided the Commission with copies of the weekly Board updates by the Los Angeles County Department of Health Services on the status of implementation of the contingency services plan at Martin Luther King, Jr.-Harbor Hospital (MLK-Harbor) as part of CMAC's ongoing efforts to keep the Commissioners abreast of the situation in Los Angeles.

As part of today's agenda, Mr. Berger noted, after the Department of Health Care Services (DHCS) Report, the Hospital Association of Southern California will provide their perspective on the impact of the closure of MLK-Harbor on the surrounding private hospitals and on the general health care system in Southeast Los Angeles County.

In addition, a representative from Los Angeles County is here to provide additional information regarding the county's assessment of the situation and how it is responding.

Mr. Berger noted that in today's closed session, there are 13 hospital and managed care contract amendments before the Commissioners for review and action, as well as a number of important updates and discussions regarding current hospital and managed care negotiations.

IV. Department of Finance (DOF) Budget Overview

Tom Williams, Department of Finance, provided an update on the Budget Act of 2007. He noted that the enacted budget includes \$37 billion (\$14.3 billion General Fund) for Medi-Cal, which is an increase of \$1.6 billion (over \$642 million General Fund) above 2006-07. He explained that Medi-Cal is the second largest budget component after Education and that enrollment was approximately 6.6 million, which is about one percent above 2006-07.

Mr. Williams then provided the budget funding levels and increases for the Managed Care Plans and Hospital Financing and noted that the increase in Hospital Financing was primarily due to the addition of \$150 million for the Health Care Coverage Initiative. He also noted that the enacted budget included funding and positions in the Department of Public Health's Licensing and Certification Program to implement two pieces of legislation chaptered this year which impacted hospital operations. These were SB 1301 related to the reporting of and follow-up on adverse events at hospitals, and AB 774 (authored by then Assembly Member Chan) which ensures that hospitals apply fair pricing to uninsured and underinsured patients.

Mr. Williams explained that the Health Trailer Bill included language moving the responsibility for negotiating rates for the County Organized Health Systems (COHS) from the Commission to the Department of Health Care Services (DHCS), but that the Administration was able to get legislative proposed language removed that would also have switched Geographic Managed Care (GMC) negotiations from the Commission to DHCS.

V. Department of Health Care Services (DHCS) Report

Toby Douglas, DHCS, informed CMAC that the Governor released health care reform legislation earlier this week, entitled the Health Care Security and Cost Reduction Act. The legislation aligns with his proposal released in January that focuses on covering all Californians, creating more affordability within the system, prevention methods, and on providing working Californians with tax breaks. Mr. Douglas noted that after over 1,000 different meetings with stakeholders and legislators, there were some refinements made to the original proposal. The Administration plans to work with Legislators in coming weeks to move the Governor's goal forward of creating affordability, prevention, and wellness for all Californians.

Also, regarding the Health Coverage Initiative, Mr. Douglas said that the final draft of the Special Terms and Conditions was approved by the Centers for Medicare and Medicaid Services (CMS). He noted that nine of the ten counties have begun enrollment, leaving the only San Diego last as the outstanding county. The approval by CMS allows the State to begin claiming the federal funds that will be used by the counties to expand health coverage in their communities.

In response to a question asked by Commissioner Chan, Mr. Douglas explained that the issue of affordability in the Governor's proposal is a major concern and will continue to be discussed, and that moving tax incentives up to 350% of the federal poverty level will help drive affordability, coupled with other proposed changes designed to contain healthcare premium costs.

VI. Presentation by the Hospital Association of Southern California (HASC) and Los Angeles County

At this time, Mr. Berger introduced Mr. Mark Gamble, Regional Vice President, Hospital Association of Southern California and Ms. Carol Meyer, Acting Director of Governmental Affairs, Los Angeles County Department of Health Services. Mr. Gamble and Ms. Meyers had requested to appear before the Commission to share the current and possible long-term consequences of the closure of Martin Luther King, Jr.-Harbor Hospital (MLK-Harbor).

Included in their presentation is an overview MLK-Harbor hospital, the South Los Angeles area demographics, a summary timeline of events beginning in 2004 that culminated in the hospital's closure nearly eight weeks ago and finally, a few maps of the area, including surrounding hospitals affected by the closure.

The Commissioners expressed appreciation for the update and stated they have been very concerned for some time about the situation in Los Angeles. Mr. Gamble acknowledged the support of the Commission over the last five years for hospitals in Los Angeles, but indicated that as a piece of the larger solution to the current crisis, HASC is asking CMAC to consider what additional support it can provide to the impacted hospitals.

In response to questions from Commissioner Chan, Mr. Gamble and Ms. Meyers discussed issues related to the trauma care system in the Los Angeles area and efforts to address the previous hospital location becoming a private health facility.

Although Commissioner Horton was unable to attend today's meeting, he requested the Chair to ask a couple questions on his behalf. In response to those questions, Mr. Gamble and Ms. Meyers also discussed issues related to Medi-Cal and indigent care reimbursement options as well as SB 474 and the five million dollar Intergovernmental Transfer (IGT) from Los Angeles County to the State.

The attached material provided by HASC offers more detail regarding the presentation.

VII. New Business/Public Comments/Adjournment

There being no further new business and no comments from the public, Chair Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the Commission had taken action on hospital and managed care contracts and amendments in closed session. The open session was then adjourned.